

State of South Dakota

SEVENTY-FOURTH SESSION
LEGISLATIVE ASSEMBLY, 1999

400C0805

SENATE STATE AFFAIRS COMMITTEE ENGROSSED

NO. **SB235** - 2/10/99

Introduced by: The Committee on State Affairs at the request of the Governor

1 FOR AN ACT ENTITLED, An Act to require the disclosure of information to prospective
2 enrollees of managed care plans.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. This Act applies to any health carrier who offers a managed care plan as defined
5 in §§ 58-17-91 and 58-18-64.

6 Section 2. Any health carrier shall provide to any prospective enrollee written information
7 describing the terms and conditions of the plan. If the plan is described orally, easily understood,
8 truthful, objective terms shall be used. All written plan descriptions shall be readable, easily
9 understood, truthful, and in an objective format. The format shall be standardized among each
10 plan that a health carrier offers so that comparison of the attributes of the plans is facilitated.

11 The following specific information shall be communicated:

12 (1) Coverage provisions, benefits, and any exclusions by category of service, provider,
13 and if applicable, by specific service;

14 (2) Any and all authorization or other review requirements, including preauthorization
15 review, and any procedures that may lead the patient to be denied coverage for or not
16 be provided a particular service;

- 1 (3) The existence of any financial arrangements or contractual provisions with review
2 companies or providers of health care services that would directly or indirectly limit
3 the services offered, restrict referral, or treatment options;
- 4 (4) Explanation of how plan limitations impact enrollees, including information on
5 enrollee financial responsibility for payment of coinsurance or other non-covered or
6 out-of-plan services;
- 7 (5) A description of the accessibility and availability of services, including a list of
8 providers participating in the managed care network and of the providers in the
9 network who are accepting new patients, the addresses of primary care physicians and
10 participating hospitals, and the specialty of each provider in the network; and
- 11 (6) A description of any drug formulary provisions in the plan and the process for
12 obtaining a copy of the current formulary upon request. There shall be a process for
13 requesting an exception to the formulary and instructions as to how to request an
14 exception to the formulary.

15 Section 3. Nothing in this Act applies to dental only, vision only, accident only, school
16 accident, travel, or specified disease plans or plans that primarily provide a fixed daily, fixed
17 occurrence, or fixed per procedure benefit without regard to expenses incurred. The provisions
18 of this Act only apply to oral or written communications specifically designed to elicit an
19 application for insurance.

1 **BILL HISTORY**

2 2/1/99 First read in Senate and referred to State Affairs. S.J. 278

3 2/8/99 Scheduled for Committee hearing on this date.

4 2/8/99 Scheduled for Committee hearing on this date.

5 2/8/99 State Affairs Do Pass Amended, Passed, AYES 8, NAYS 0. S.J. 391